



## Request for City Council Committee Action

**Date:** October 17, 2002

**To:** Transportation and Public Works Committee  
**Referral to:** Ways and Means/Budget Committee

**Subject:** Downtown Circulator Bus Purchase;  
Amend Contract with Metro Council, Adopt Capital Resolution

### Recommendation:

1. Authorize execution of Amendment No. 1 to Contract No. 98-020 with the Metro Council for purchase of buses for Downtown Circulator from Nicollet Mall Shuttle Grant Funds;
2. Adopt Capital Resolution increasing Capital Appropriation Fund 7500 by \$2,900,000 and increasing the revenue in Fund 7500 by \$2,900,000 to be reimbursed from the Nicollet Mall Shuttle Capital Grant.

Prepared or Submitted by: Greg Finstad Phone: 673-2411

Approved by: Brian Lokkesmoe, Interim Director of Public Works

By: Gregory A. Finstad \_\_\_\_\_  
Director of Transportation & Parking Services

**Presenter in Committee:** Gregory A Finstad

### Financial Impact (Check those that apply)

☐ No financial impact (If checked, go directly to Background/Supporting Information)

☒ Action requires an appropriation increase to the Capital Budget

☐ Action requires an appropriation increase to the Operating Budget

☒ Action provides increased revenue for appropriation increase

☐ Action requires use of contingency or reserves

☐ Other financial impact (Explain):

☒ Request provided to the Budget Office when provided to the Committee Coordinator

## **Background/Supporting Information**

The City of Minneapolis and the Metro Council executed a Joint Powers Agreement (Contract No. 98-020) in 1999 providing for the purchase of five low floor hybrid diesel-electric buses. The Agreement allows use of funds from the City's Nicollet Mall Shuttle Grant for 80% of the cost up to a maximum of \$2.4 million. Metro Council pays the local share.

Much progress is being made to advance the Downtown Circulator, a variation of the original Nicollet Mall Shuttle concept. The Circulator will need eight buses. The hybrid diesel-electric buses are new technology and, for now, are much more expensive than regular diesel buses. Purchase of eight diesel-electric buses would absorb most of the Grant funds and dramatically reduce the ability to accomplish other objectives with the Grant. The new technology hybrid diesel-electric buses can be adequately demonstrated with the purchase of three rather than five buses.

A decision was made to proceed with the purchase of three hybrid diesel-electric buses under the existing Agreement with Metro Council. This was done because Metro Transit needed to get a diesel-electric bus, be trained on it and operate it to learn what changes were needed before ordering the other two. It was also done to show progress to the Federal Transit Administration who were asking whether we still intended to utilize the Grant funds. Metro Council has taken bids on the three diesel-electric buses. It awarded the contract to Gillig Corporation in July. The pilot bus has been built, been on display at the recent American Public Transportation Association national conference, and is scheduled to be delivered to Metro Transit by the last week in October.

Until recently, the plan was that LRT would begin revenue operation into Downtown October, 2003. The plan was to run the Circulator for about a month prior to beginning LRT revenue service so that the drivers, the buses, and schedules would be ready when LRT began. Accordingly, the buses would need to be delivered, checked out, necessary training be conducted, and be ready to go by early September 2003. The pilot bus was ordered based on this schedule. It has since been decided that LRT will not go into revenue service until April 2004.

The remaining five buses will be diesel buses, modified to use ultra low sulfur fuel. Metro Transit will purchase them by amending an existing contract for 50 diesel buses they already have with Gillig. These Circulator buses will be purchased using 80% Nicollet Mall Shuttle Grant funds with Metro Council paying the remaining local share. Metro Council will have title to all eight buses.

The contract cost for the three diesel-electric buses, plus inspection costs, is \$2,058,000. The estimated cost for the five diesel buses including inspection is

\$1,485,000. The total bus cost is therefore estimated at \$3,543,000 with the 80% federal share being \$2,834,400.

An increase in the Capital Appropriation Fund is necessary to pay the Metro Council for 80% of the bus costs. The revenue for this payment will come from the Federal Transit Administration by drawing down the City's Nicollet Mall Shuttle Grant.

Staff intends to bring a report on the proposed Downtown Circulator forward to your Committee shortly. This report will deal with estimated capital and operating costs, revenue sources, and implementation of a bus terminal on the former Nicollet Hotel site as part of a larger redevelopment project.

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TPW – Your Committee recommends that proper City Officers be directed to execute Amendment No. 1 to a Joint Powers Agreement between the City and Metro Council (Contract No. 98-020) authorizing the Metro Council to purchase buses for the Downtown Circulator using the City's Nicollet Mall Shuttle Grant, by increasing the number of buses to be purchased from five to eight, increasing the amount to be reimbursed from Grant funds from \$2.4 million to \$2.9 million and increasing the Metro Council's share for the local match from \$600,000 to \$725,000.

Capital Resolution No. \_\_\_\_

Increase the Capital Appropriation Fund 7500 Agency 943 Org 9464 by \$2,900,000 and increase the Revenue in Fund 7500 Agency 943 Org 9464-3455 by \$2,900,000, said funds to be paid to the City by the Federal Transit Administration from FTA Grant Number MN-03-0045.

**AMENDMENT #1**  
**JOINT POWERS AGREEMENT BETWEEN THE METROPOLITAN COUNCIL AND**  
**THE CITY OF MINNEAPOLIS FOR PROCUREMENT OF BUSES**

**THIS AGREEMENT** is entered into by **THE METROPOLITAN COUNCIL** (“the Council”), and **THE CITY OF MINNEAPOLIS**, (“the City”).

**WHEREAS**, the City and the Council wish to modify this joint powers agreement in order to advance the Downtown Circulator project; and

**WHEREAS**, the Federal Transit Administration (“FTA”) grant (FTA Grant Number MN-03-0045) to the City that awarded funding for the procurement of alternative fuel or experimental buses to be operated on the Nicollet Mall is still (active and expenditures are still authorized for this use; and

**WHEREAS**, the Council is authorized by Minnesota Statutes sections 473.129 and 473.405 to equip and operate public transit systems and to exercise all powers which may be necessary or convenient to discharge its duties; and

**WHEREAS**, the City and the Council will enter into a separate agreement to establish operating funds for the Downtown Circulator.

**NOW, THEREFORE**, in consideration of the mutual promises contained in this agreement, the parties agree to amend the original agreement as follows:

**I. VEHICLE PROCUREMENT**

Paragraph 1.01 will be deleted and replaced as follows:

**1.01 Vehicle Procurement Process.** The Council will conduct the procurement process for three (3) low-floor, hybrid diesel/electric buses and five (5) low floor, ultra low-sulfur burning diesels (“the Vehicles”). All FTA regulations applicable to the receipt of Section 5309 funds under CFDA 20.500 shall be adhered to by the Council and it will conduct the procurement process using Council procedures and in conformance with FTA requirements and Minnesota law.

Paragraph 1.02 will be deleted and replaced as follows:

**1.02 Payment Process.** The Council will invoice the City once Metro Transit maintenance department has received, inspected, and accepted each vehicle into service. An invoice reflecting allowable expenses incurred by Metro Transit shall include the cost of the bus supported by a copy of the vendor invoice; the cost of bus inspections by both third party and Metro Transit staff; and Metro Transit staff travel to vendor for required inspections; and spare parts. The invoice shall be submitted to:

City of Minneapolis  
Attn: Mr. Greg Finstad

Project Manager  
City of Minneapolis  
Room 233 City Hall  
Minneapolis, MN 55415

Paragraph 1.03, 1.04 and 1.05 shall be added as follows:

- 1.03** The total amount of this agreement is increased to \$3,600,000. The City shall reimburse 80% of the total amount from FTA Grant MN-03-0045 for a total sum not to exceed \$2,880,000. The Metropolitan Council will be responsible for contributing the 20% to meet match requirements for a total sum not to exceed \$720,000.
- 1.04** The Council shall submit to the City a Final Report of expenditures not later than 90 days after the end of this agreement. The Council shall keep all records associated with this agreement for a period of not less than six (6) years and shall allow FTA and City officials access to records for this agreement.
- 1.05** This agreement shall be effective upon execution of this amendment and remain in effect until the bus procurement process is complete.

Article II. will be deleted and replaced as follows:

## **II. OWNERSHIP AND OPERATION OF THE VEHICLES**

The Metropolitan Council will receive title of the vehicles purchased under this agreement directly from the manufacturer and will maintain and operate the buses as part of the Metro Transit fleet. The Metropolitan Council shall operate the buses purchased under this Contract as Downtown Circulator buses serving the Minneapolis Convention Center, the LRT Station on 5<sup>th</sup> St at the Nicollet Mall and such other Downtown facilities as the parties may agree. The Metropolitan Council shall continue to operate these buses as Downtown Circulator buses under the terms of an Operations Agreement to be executed between the Parties. The disposition of any vehicles will adhere to FTA regulations.

**IN WITNESS WHEREOF**, the parties have caused this agreement to be executed by their duly authorized representatives.

**METROPOLITAN COUNCIL**

By: \_\_\_\_\_  
Lee Sheehy  
Regional Administrator

Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Office of General Counsel

**CITY OF MINNEAPOLIS**

By: \_\_\_\_\_  
Mayor

Attest \_\_\_\_\_  
City Clerk

Countersigned \_\_\_\_\_  
Finance Officer

Approved as to form and execution:

\_\_\_\_\_  
City Attorney